

## UNITED STATES BANKRUPTCY COURT

District of Arizona

In re Royan Inc,  
DebtorCase No. 2:11-bk-19813-GBN

Small Business Case under Chapter 11

## SMALL BUSINESS MONTHLY OPERATING REPORT

Month: September 2012Date filed: 12-12-2012Line of Business: RestaurantNAISC Code: 722210

IN ACCORDANCE WITH TITLE 28, SECTION 1746, OF THE UNITED STATES CODE, I DECLARE UNDER PENALTY OF PERJURY THAT I HAVE EXAMINED THE FOLLOWING SMALL BUSINESS MONTHLY OPERATING REPORT AND THE ACCOMPANYing ATTACHMENTS AND, TO THE BEST OF MY KNOWLEDGE, THESE DOCUMENTS ARE TRUE, CORRECT AND COMPLETE.

RESPONSIBLE PARTY:



Original Signature of Responsible Party

Mohsen Nassirian

Printed Name of Responsible Party

**Questionnaire:** (All questions to be answered on behalf of the debtor.)

	Yes	No
1. IS THE BUSINESS STILL OPERATING?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2. HAVE YOU PAID ALL YOUR BILLS ON TIME THIS MONTH?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. DID YOU PAY YOUR EMPLOYEES ON TIME?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. HAVE YOU DEPOSITED ALL THE RECEIPTS FOR YOUR BUSINESS INTO THE DIP ACCOUNT THIS MONTH?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. HAVE YOU FILED ALL OF YOUR TAX RETURNS AND PAID ALL OF YOUR TAXES THIS MONTH?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. HAVE YOU TIMELY FILED ALL OTHER REQUIRED GOVERNMENT FILINGS?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. HAVE YOU PAID ALL OF YOUR INSURANCE PREMIUMS THIS MONTH?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. DO YOU PLAN TO CONTINUE TO OPERATE THE BUSINESS NEXT MONTH?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
9. ARE YOU CURRENT ON YOUR QUARTERLY FEE PAYMENT TO THE U.S. TRUSTEE?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10. HAVE YOU PAID ANYTHING TO YOUR ATTORNEY OR OTHER PROFESSIONALS THIS MONTH?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
11. DID YOU HAVE ANY UNUSUAL OR SIGNIFICANT UNANTICIPATED EXPENSES THIS MONTH?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
12. HAS THE BUSINESS SOLD ANY GOODS OR PROVIDED SERVICES OR TRANSFERRED ANY ASSETS TO ANY BUSINESS RELATED TO THE DIP IN ANY WAY?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
13. DO YOU HAVE ANY BANK ACCOUNTS OPEN OTHER THAN THE DIP ACCOUNT?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

B 25C (Official Form 25C) (12/08)

- |   |                          |                                     |
|---|--------------------------|-------------------------------------|
| 14. HAVE YOU SOLD ANY ASSETS OTHER THAN INVENTORY THIS MONTH?     | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 15. DID ANY INSURANCE COMPANY CANCEL YOUR POLICY THIS MONTH?      | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 16. HAVE YOU BORROWED MONEY FROM ANYONE THIS MONTH?               | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 17. HAS ANYONE MADE AN INVESTMENT IN YOUR BUSINESS THIS MONTH?    | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 18. HAVE YOU PAID ANY BILLS YOU OWED BEFORE YOU FILED BANKRUPTCY? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

**TAXES**

DO YOU HAVE ANY PAST DUE TAX RETURNS OR PAST DUE POST-PETITION TAX OBLIGATIONS? ☐ ☒

IF YES, PLEASE PROVIDE A WRITTEN EXPLANATION INCLUDING WHEN SUCH RETURNS WILL BE FILED, OR WHEN SUCH PAYMENTS WILL BE MADE AND THE SOURCE OF THE FUNDS FOR THE PAYMENT.

(Exhibit A)

**INCOME**

PLEASE SEPARATELY LIST ALL OF THE INCOME YOU RECEIVED FOR THE MONTH. THE LIST SHOULD INCLUDE ALL INCOME FROM CASH AND CREDIT TRANSACTIONS. (THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)

**TOTAL INCOME** \$ 0

**SUMMARY OF CASH ON HAND**

Cash on Hand at Start of Month \$ 0

Cash on Hand at End of Month \$ 41073.53

PLEASE PROVIDE THE TOTAL AMOUNT OF CASH CURRENTLY AVAILABLE TO YOU **TOTAL** \$ 41073.53

(Exhibit B)

**EXPENSES**

PLEASE SEPARATELY LIST ALL EXPENSES PAID BY CASH OR BY CHECK FROM YOUR BANK ACCOUNTS THIS MONTH. INCLUDE THE DATE PAID, WHO WAS PAID THE MONEY, THE PURPOSE AND THE AMOUNT. (THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)

**TOTAL EXPENSES** \$ 2548.70

(Exhibit C)

**CASH PROFIT**

INCOME FOR THE MONTH (TOTAL FROM EXHIBIT B) \$ 0

EXPENSES FOR THE MONTH (TOTAL FROM EXHIBIT C) \$ 0

(Subtract Line C from Line B) **CASH PROFIT FOR THE MONTH** \$ 0

**UNPAID BILLS**

PLEASE ATTACH A LIST OF ALL DEBTS (INCLUDING TAXES) WHICH YOU HAVE INCURRED SINCE THE DATE YOU FILED BANKRUPTCY BUT HAVE NOT PAID. THE LIST MUST INCLUDE THE DATE THE DEBT WAS INCURRED, WHO IS OWED THE MONEY, THE PURPOSE OF THE DEBT AND WHEN THE DEBT IS DUE. *(THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)*

**TOTAL PAYABLES** \$ \_\_\_\_\_ 0

*(Exhibit D)*

**MONEY OWED TO YOU**

PLEASE ATTACH A LIST OF ALL AMOUNTS OWED TO YOU BY YOUR CUSTOMERS FOR WORK YOU HAVE DONE OR THE MERCHANDISE YOU HAVE SOLD. YOU SHOULD INCLUDE WHO OWES YOU MONEY, HOW MUCH IS OWED AND WHEN IS PAYMENT DUE. *(THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)*

**TOTAL RECEIVABLES** \$ \_\_\_\_\_ 0

*(Exhibit E)*

**BANKING INFORMATION**

PLEASE ATTACH A COPY OF YOUR LATEST BANK STATEMENT FOR EVERY ACCOUNT YOU HAVE AS OF THE DATE OF THIS FINANCIAL REPORT OR HAD DURING THE PERIOD COVERED BY THIS REPORT.

*(Exhibit F)*

**EMPLOYEES**

NUMBER OF EMPLOYEES WHEN THE CASE WAS FILED? \_\_\_\_\_ 6

NUMBER OF EMPLOYEES AS OF THE DATE OF THIS MONTHLY REPORT? \_\_\_\_\_ 0

**PROFESSIONAL FEES*****BANKRUPTCY RELATED:***

PROFESSIONAL FEES RELATING TO THE BANKRUPTCY CASE PAID DURING THIS REPORTING PERIOD? \$ \_\_\_\_\_ 0

TOTAL PROFESSIONAL FEES RELATING TO THE BANKRUPTCY CASE PAID SINCE THE FILING OF THE CASE? \$ \_\_\_\_\_

***NON-BANKRUPTCY RELATED:***

PROFESSIONAL FEES NOT RELATING TO THE BANKRUPTCY CASE PAID DURING THIS REPORTING PERIOD? \$ \_\_\_\_\_

TOTAL PROFESSIONAL FEES NOT RELATING TO THE BANKRUPTCY CASE PAID SINCE THE FILING OF THE CASE? \$ \_\_\_\_\_

**PROJECTIONS**

COMPARE YOUR ACTUAL INCOME AND EXPENSES TO THE PROJECTIONS FOR THE FIRST 180 DAYS OF YOUR CASE PROVIDED AT THE INITIAL DEBTOR INTERVIEW.

	Projected	Actual	Difference
INCOME	\$ _____	\$ _____	\$ _____
EXPENSES	\$ _____	\$ _____	\$ _____
CASH PROFIT	\$ _____	\$ _____	\$ _____

TOTAL PROJECTED INCOME FOR THE NEXT MONTH: \$ \_\_\_\_\_

TOTAL PROJECTED EXPENSES FOR THE NEXT MONTH: \$ \_\_\_\_\_

TOTAL PROJECTED CASH PROFIT FOR THE NEXT MONTH: \$ \_\_\_\_\_

**ADDITIONAL INFORMATION**

PLEASE ATTACH ALL FINANCIAL REPORTS INCLUDING AN INCOME STATEMENT AND BALANCE SHEET WHICH YOU PREPARE INTERNALLY.

# Wells Fargo Combined Statement of Accounts

Primary account number: **9500975934** ■ September 1, 2012 - September 30, 2012 ■ Page 1 of 6

WELLS  
FARGO

ROYAN INC  
DBA SCHLOTZSKY DELI  
DEBTOR IN POSSESSION  
CASE # 2 11 BK 19813 PHX GBN  
10070 N 90TH ST  
SCOTTSDALE AZ 85258-4413

## Questions?

Available by phone 24 hours a day, 7 days a week:

**1-800-CALL-WELLS** (1-800-225-5935)

TTY: 1-800-877-4833

En español: 1-877-337-7454

Online: [wellsfargo.com/biz](http://wellsfargo.com/biz)

Write: Wells Fargo Bank, N.A. (038)

P.O. Box 2908

Phoenix, AZ 85062-2908

## Your Business and Wells Fargo

For nine years running, Wells Fargo has loaned more money to small businesses than any other bank.\* Let us help you find the right credit solutions for your business. To learn more, talk to a banker, call the number at the top of your statement, or visit us at [wellsfargo.com/biz](http://wellsfargo.com/biz).

\*2002-2010 Community Reinvestment Act government data. Equal Housing Lender.

## Account options

A check mark in the box indicates you have these convenient services with your account. Go to [wellsfargo.com/biz](http://wellsfargo.com/biz) or call the number above if you have questions or if you would like to add new services.

Business Online Banking

☐

Online Statements

☐

Business Bill Pay

☐

Business Spending Report

☐

Overdraft Protection

☒

## Summary of accounts

### Checking and Savings

Account	Page	Account number	Ending balance last statement	Ending balance this statement
Advantage Business Package Checking	2	9500975934	9.87	41,073.53
Advantage Business Package Checking	3	9500975918	12.00	0.00
Advantage Business Package Checking	4	9500975926	12.00	0.00
Business Market Rate Savings	5	3368995845	3.07	-2.93
Total deposit accounts			\$36.94	\$41,070.60



## Advantage Business Package Checking

### Activity summary

Beginning balance on 9/1	\$9.87
Deposits/Credits	43,612.36
Withdrawals/Debits	- 2,548.70
<b>Ending balance on 9/30</b>	<b>\$41,073.53</b>
Average ledger balance this period	\$34,948.46

Account number: **9500975934**

**ROYAN INC**  
**DBA SCHLOTZSKY DELI**  
**DEBTOR IN POSSESSION**

Arizona account terms and conditions apply

For Direct Deposit and Automatic Payments use

Routing Number (RTN): 122105278

For Wire Transfers use

Routing Number (RTN): 121000248

### Overdraft Protection

Your account is linked to the following for Overdraft Protection:

- Savings - 000003368995845

### Transaction history

Date	Check Number	Description	Deposits/ Credits	Withdrawals/ Debits	Ending daily balance
9/4		Deposit	35,677.92		
9/4		Deposit	4,267.22		39,955.01
9/13	3004	Check		855.63	39,099.38
9/14	3003	Check		615.22	
9/14	3001	Check		506.63	37,977.53
9/18		Check		563.22	37,414.31
9/28		Monthly Service Fee Reversal	8.00		
9/28		Monthly Service Fee Reversal	8.00		
9/28		Deposit	3,627.22		
9/28		Transfer From DDA # 000009500975918	12.00		
9/28		Transfer From DDA # 000009500975926	12.00		
9/28		Monthly Service Fee		8.00	41,073.53
<b>Ending balance on 9/30</b>					<b>41,073.53</b>
<b>Totals</b>			<b>\$43,612.36</b>	<b>\$2,548.70</b>	

The Ending Daily Balance does not reflect any pending withdrawals or holds on deposited funds that may have been outstanding on your account when your transactions posted. If you had insufficient available funds when a transaction posted, fees may have been assessed.

### Summary of checks written (checks listed are also displayed in the preceding Transaction history)

Number	Date	Amount	Number	Date	Amount	Number	Date	Amount
	9/18	563.22	3003 *	9/14	615.22	3004	9/13	855.63
3001	9/14	506.63						

\* Gap in check sequence.



## Account transaction fees summary

Service charge description	Units used	Units included	Excess units	Service charge per excess units (\$)	Total service charge (\$)
Paid and Deposited Items	8	150	0	0.50	0.00
<b>Total service charges</b>					<b>\$0.00</b>

Effective November 1, 2012, your daily purchase/point-of-sale (POS) limit for your business debit or ATM card(s) will be \$2,500.



## IMPORTANT ACCOUNT INFORMATION

Effective November 7, 2012, debit or ATM card cash withdrawals made in person at non-Wells Fargo locations or in person using the cash advance feature at Wells Fargo banking locations will be subject to your daily ATM withdrawal limit.

In addition, in the Selected Terms and Conditions for Wells Fargo Business Debit Cards, Business ATM Cards and Business Deposit Cards, the section titled "Authorization Holds for Card transactions", and Business Account Agreement section titled "Authorization holds for card transactions" are changing to clarify that the Bank is permitted to place authorization holds for up to 30 days on certain debit card transactions.

Remember, an "authorization hold" is a "pending" transaction that will reduce the current available balance that you can withdraw or use to pay transactions from your account. If you do not have sufficient available funds in your account, transactions may be paid with an overdraft protection advance, paid into overdraft or returned unpaid as applicable.

The Bank is permitted to place an authorization hold on your POS Access Account for purchases for up to three (3) business days on most transactions (or for up to thirty (30) business days for certain types of debit or ATM card transactions, including but not limited to, car rental transactions, cash transactions, and international transactions), from the time of the authorization or until the transaction is paid from your POS Access Account. Please note that if the transaction is not submitted for payment by the merchant within the three (3) business days (or thirty (30) business days, as applicable), the Bank will release the authorization hold, which will increase the available balance in your POS Access Account until the transaction is submitted for payment by the merchant and finally posted to your POS Access Account.

The merchant may submit the transaction for payment after the Bank has released the authorization hold. If this happens, the Bank must honor the prior authorization and will pay the transaction from your POS Access Account.

## Advantage Business Package Checking

### Activity summary

Beginning balance on 9/1	\$12.00
Deposits/Credits	0.00
Withdrawals/Debits	- 12.00
<b>Closing balance on 9/28</b>	<b>\$0.00</b>
Average ledger balance this period	\$20.00

Account number: **9500975918**

**ROYAN INC**  
**DBA SCHLOTZSKY DELI**  
**DEBTOR IN POSSESSION**

*Arizona account terms and conditions apply*

For Direct Deposit and Automatic Payments use  
 Routing Number (RTN): 122105278

For Wire Transfers use  
 Routing Number (RTN): 121000248

**Overdraft Protection**

This account is not currently covered by Overdraft Protection. If you would like more information regarding Overdraft Protection and eligibility requirements please call the number listed at the top of your statement or visit your Wells Fargo branch.

**Transaction history**

Date	Check Number	Description	Deposits/ Credits	Withdrawals/ Debits	Ending daily balance
9/28		Transfer to DDA # 000009500975934		12.00	0.00
<b>Ending balance on 9/30</b>					<b>0.00</b>
<b>Totals</b>			<b>\$0.00</b>	<b>\$12.00</b>	

The Ending Daily Balance does not reflect any pending withdrawals or holds on deposited funds that may have been outstanding on your account when your transactions posted. If you had insufficient available funds when a transaction posted, fees may have been assessed.

**Advantage Business Package Checking****Activity summary**

Beginning balance on 9/1	\$12.00
Deposits/Credits	0.00
Withdrawals/Debits	- 12.00
<b>Closing balance on 9/28</b>	<b>\$0.00</b>
Average ledger balance this period	\$20.00

Account number: **9500975926**

**ROYAN INC**  
**DBA SCHLOTZSKY DELI**  
**DEBTOR IN POSSESSION**

Arizona account terms and conditions apply

For Direct Deposit and Automatic Payments use  
 Routing Number (RTN): 122105278

For Wire Transfers use  
 Routing Number (RTN): 121000248

**Overdraft Protection**

This account is not currently covered by Overdraft Protection. If you would like more information regarding Overdraft Protection and eligibility requirements please call the number listed at the top of your statement or visit your Wells Fargo branch.

**Transaction history**

Date	Check Number	Description	Deposits/ Credits	Withdrawals/ Debits	Ending daily balance
9/28		Transfer to DDA # 000009500975934		12.00	0.00
<b>Ending balance on 9/30</b>					<b>0.00</b>
<b>Totals</b>			<b>\$0.00</b>	<b>\$12.00</b>	

The Ending Daily Balance does not reflect any pending withdrawals or holds on deposited funds that may have been outstanding on your account when your transactions posted. If you had insufficient available funds when a transaction posted, fees may have been assessed.





## Business Market Rate Savings

### Activity summary

Beginning balance on 9/1	\$3.07
Deposits/Credits	0.00
Withdrawals/Debits	- 6.00
<b>Ending balance on 9/30</b>	<b>-\$2.93</b>
Average ledger balance this period	\$3.07

Account number: 3368995845

**ROYAN INC**  
**DBA SCHLOTZSKY DELI**  
**DEBTOR IN POSSESSION**

Arizona account terms and conditions apply

For Direct Deposit and Automatic Payments use

Routing Number (RTN): 122105278

For Wire Transfers use

Routing Number (RTN): 121000248

### Interest summary

Interest paid this statement	\$0.00
Average collected balance	\$3.07
Annual percentage yield earned	0.00%
Interest earned this statement period	\$0.00
Interest paid this year	\$0.04

### Transaction history

Date	Description	Deposits/ Credits	Withdrawals/ Debits	Ending daily balance
9/28	Monthly Service Fee		6.00	-2.93
<b>Ending balance on 9/30</b>				<b>-2.93</b>
<b>Totals</b>		<b>\$0.00</b>	<b>\$6.00</b>	

The Ending Daily Balance does not reflect any pending withdrawals or holds on deposited funds that may have been outstanding on your account when your transactions posted. If you had insufficient available funds when a transaction posted, fees may have been assessed.

